Management Development in Arab Countries: The Challenges of the 1990s

Hamid S. Atiyyah
Management Consultant, Damascus, Syria

It has long been recognized that the shortage of qualified managers presents a major obstacle to the development of less advanced countries. During the past three decades, management development (MD) has gained increasing attention among administrative leaders, management specialists and practitioners in developing countries, including the Arab states. The objective of this article is to assist local and foreign MD specialists interested in working in this area to prepare an effective strategy for the 1990s.

Data for this article were obtained from available sources of information and the author's observations based on his ten-year experience in MD and consultation in Arab countries. Due to existing disparities among these countries, observations and conclusions made here apply in different degrees to different countries, but are generally applicable to all of them.

Developments in the 1990s

What the future holds for MD in Arab countries largely depends on developments in their political, economic, socio-cultural and organizational systems. While a rigorous futuristic study of these countries is beyond the scope of this article, it is necessary to assess the opportunities and limitations presented by likely developments in the general environment of MD.

In the last 30 years, the Arab countries have undergone dramatic political, economic and social changes. Political developments in these countries have often amazed and bewildered specialists in this field. Political instability and the authoritarian nature of most Arab regimes make it extremely difficult to predict political developments in the area with any degree of certainty. Two years ago, and before Iraq's occupation of Kuwait, optimistic predictions on the political future of the area were supported by a number of indicators such as the cessation of hostilities between Iraq and Iran, the ratification of the Taif Accord ending the Lebanese civil war, and the improved prospects for a peaceful resolution of the Arab-Israeli conflict.

Serious efforts were also being undertaken to settle peacefully other conflicts such as the border dispute between Libya and Chad and the civil war in Sudan. An era of co-operation in the political and economic fields was also heralded by the formation of three major regional associations involving 15 Arab countries. Also, political platforms endorsed or put into effect by the governments of Algeria, Jordan, Kuwait and Tunisia were expected to lead to further democratization and wider popular participation in the political decision-making process in these countries.

Journal of Management Development, Vol. 12 No. 1, 1993, pp. 3-12. © MCB University Press, 0262-1711

© Emerald Backfiles 2007

All these indicators favoured a relatively stable political future for the area in which extremism, armed conflict and despotism are replaced by pragmatism, co-operation and liberalization. However, two years after the liberation of Kuwait, events have proved these predictions to be either grossly incorrect or unduly optimistic. Border tension, political oppression and insurrections continue to characterize the political scene in these countries. Regrettably, democratization plans have either been abandoned or postponed indefinitely. The unwillingness of incumbent political leaders to risk losing their power positions remains a major obstacle to the successful implementation of any democratization programme.

Under authoritarian regimes, where obedience and loyalty to the ruler(s) rather than competence and performance are usually stressed, unethical practices among civil servants appear to increase. Unethical practices also spread to private sector managers who conduct business with their public counterparts. In general, the political situation in these countries is judged to be unfavourable to the promotion of MD.

In the economic field, the unstable political situation is diverting attention from the serious economic problems and challenges facing Arab countries in the 1990s. These challenges are enormous: reducing the huge debt burden, feeding an increasing population, finding capital funds for investment, and employing the surplus workforce. In general, Arab governments have recently shown more flexibility and open-mindedness in seeking solutions to these problems. This is illustrated by their open-door (*infitah*) policy towards foreign capital, and by relaxing restrictions and offering incentives to local investors[1].

A turbulent political and economic environment remains one of the main reasons for the strong risk-avoidance tendency among Arab businessmen. Unless a businessman can obtain the potection of a strong patron or partner from among the ruling group he is likely to seek investment opportunities which promise fast returns on investment and involve a minimum of risk.

As a result, the predominantly small business firms usually have fewer management levels and positions, and hence their potential need for management training and development is limited. Furthermore, since predicting the future is difficult in view of high environmental turbulence, managers tend to allot little of their time to planning. Typically, Arab public and business managers concentrate on meeting their current needs rather than satisfying their long-term manpower and other requirements.

At the socio-cultural level, the gradual erosion of the traditional social system and its long-established values and norms controlling behaviour and interpersonal relationships continues. Nowadays, many Arabs recall with nostalgia the not-so-distant past when family and kinship ties were strong and courage, honesty and interpersonal trust were commonly valued and practised, and regret that this is no longer possible in these "hypocritical" times. This dissatisfaction with the new morality (or lack of it as they perceive it), and a pessimistic view regarding the outcome of the change process, combined with the fear of losing their cultural identity, have led many to seek emotional and psychological refuge in fundamentalist movements. Others have turned to material wealth and political power and influence to alleviate their feelings of insecurity.

© Emerald Backfiles 2007

Faith in educational achievement as the foundation for economic development and modernization is still apparently strong, as evidenced by the increasing number of schools, universities and graduates. However, the large number of unemployed graduates and the dwindling real income and social status of salaried employees have convinced many of the futility of higher formal education and training as a means of obtaining financial security.

Hopefully, these are only short-term attitudes and will eventually diminish as more employment opportunities and better pay are offered to graduates as a result of public sector reforms and the expansion of the private sector. In the long run, the gradual change from collectivism to individualism will foster self-reliance and individual achievement, including management development.

At the organizational level, efforts to enhance the efficiency of the public sector are likely to continue, despite bureaucratic resistance. In addition to reductions in the number of public agencies, positions and personnel, privatization programmes are being implemented in a number of Arab countries, resulting in the sale of many public corporations to private investors. The quest for efficiency in the public and private sectors, and the management needs of the newly-acquired industrial and military technology, will increase pressure towards separating public management from politics and private management from ownership. In terms of Harbison and Myers'[2] terminology, this will involve a change from a predominantly "political" system of management, in which managers are appointed and promoted on the basis of political or social affiliation, to professional management. In the private sector, the process of separating management from ownership will continue and the end result will be a shift from "patrimonial" management, where management positions are filled by members of the owner's family, to professional management[2].

Most available indicators suggest that the need and demand for MD will probably increase in the 1990s. As a result, local MD agencies will find it easier to obtain the financial, technical and manpower resources necessary to expand and improve their services. This would also result in the creation of profit opportunities for foreign MD firms and specialists in the direct sale of MD know-how as well as in conducting MD programmes. These opportunities and challenges call for a rethinking of MD strategies for the area.

MD Strategy for the 1990s

A growth strategy for MD in Arab countries is favoured by the forecasted increase in demand for this service. A number of national institutes have already arrived at the same conclusion. In 1989, a major organization and development programme was initiated by the Jordanian Institute of Public Administration with the help of the United Nations. Al-Faleh[3] asserts that one of the most critical issues facing Jordan now is management development and sees a strong link between its success and economic development and stability. In Syria, much attention has been directed lately to the need for organization and management development in the public sector, and this has led to the establishment of the High Institute for Administrative Development. Concern for improving the performance of Saudi private agricultural and industrial firms, many of which were established and kept solvent with public funds, has recently prompted

© Emerald Backfiles 2007

the Saudi Arabian Government to offer training services to these firms. Accordingly, the charter of the Saudi Institute of Public Administration was amended to enable it to extend training services to the private sector.

Available information on the activities of private organizations and MD firms also support a growth strategy. Major multinational consulting firms have already established themselves in the area by setting up branches or representative offices. Numerous new local training agencies have also been established. Although most of the activities of local and foreign firms have been traditionally in the accounting and auditing fields, their recent recruiting campaigns exhibit a growing interest in management consulting and development.

The best avenue recommended for newcomers to the area is the direct offering of their services to potential Arab customers from bases outside the area. At this stage, MD technology may be sold and transferred to local MD firms, national institutes, and in-company training units in the form of culture-free training packages (guidebooks, video, films), technical consultations, and the services of training specialists in curricula design, case writing and so on. Promotion of these services can be effectively achieved through literature and middlemen.

At a later stage, MD firms may consider shifting to a more proactive strategy by setting up branches or by obtaining partial holdings through joint ventures with local MD firms. It is worth noting here that taxes imposed on joint ventures are minimal in some Arab countries. This does not mean, however, that private MD firms have a free hand in these countries.

In Saudi Arabia, for example, the Training Committee acts as a screening body which reviews the credentials and programmes of foreign firms and holds the final authority over nomination of public employees to training programmes conducted abroad. Decisions made by the Committee are usually based on descriptive evaluation reports submitted by officials who have attended these programmes. A foreign MD firm which repeatedly receives negative evaluation may be blacklisted, and hence no further use of its services is allowed.

In other countries, national management development institutes are usually consulted by ministries and public agencies regarding foreign MD firms and the quality of their services. Some Arab training officials do not hide their hostility towards foreign competitors and criticize their compatriots who suffer from the *khawaja* (foreigner) complex in believing that training conducted by foreigners is superior to indigenous training. They also accuse them of being attracted more by the sightseeing and shopping opportunities in major American or European cities, rather than by programmes' contents. In view of this, it may be essential for foreign MD firms to hire qualified personnel in the host country who understand its culture, markets and laws.

MD Needs in the 1990s

In trying to justify the absence of rigorous needs assessment, a senior official in an Arab training institute argued that this is unnecessary because needs are so extensive, encompassing all basic and advanced knowledge and skills, and hence any training is bound to be useful. This is an unsupported generalization

© Emerald Backfiles 2007

and does not take into account the fact that qualification and experience levels of Arab managers have appeciably progressed in the last two decades.

Most of them now hold university degrees, and some are Western-educated. Many have travelled to foreign countries and can fluently communicate in a foreign language, usually English or French. A few of them have even attended advanced MD programmes in American or European institutes of learning such as the Harvard Business School, INSEAD and the Institute of Social Sciences at the Hague. Also, an increasing number of them are learning to apply Western management methods and techniques in joint venture companies[4]. Finally, few of these sophisticated managers still give much credence to the old adage which derides a person for "going back to school in his old age".

Beyond this general characterization, it must be admitted that little is known about the mentality and practices of Arab managers from the few relevant field studies, and even less is known about their development needs[5-10]. And while these needs may vary depending on the manager himself, his tasks, organization and a host of contextual factors, the challenges facing Arab managers in the 1990s call for pertinent knowledge, skills and attitudes. In view of this limitation, the following list of principal categories of MD needs must be regarded as tentative:

Manpower Shortages

Field observations and available information on recent recruitment campaigns indicate persistent shortages in a number of management specializations including hospital, banking, marketing, export, factory and production management. Oil-rich Arab countries have resorted to importing foreign know-how and talents to compensate for this shortage. For example, Saudi Arabia employs American and British hospital management companies in running a number of their modern hospitals and clinics. A large component of expatriate managers comes from Arab labour-exporting countries, i.e. Egypt, Lebanon, Jordan, Sudan and Syria, resulting in a management drain in these countries. Recognizing this phenomenon as a major problem, Gulf governments have imposed restrictions on the recruitment of foreign managers. In Saudi Arabia, for example, all banks operating in the kingdom are required by law to employ only nationals in management positions. Preparing nationals to replace expatriates and to meet the increasing demand for management talent created by the growth in the industrial and service sectors will obviously take first priority among MD needs in the 1990s.

The Internationalization of Trade

Worldwide political and economic developments in the 1980s led to the weakening of economic barriers between nations and the growing internationalization of trade, markets and business operations. This trend continues in the 1990s, and Arab managers need to acquire the competencies necessary to effectively operate in these circumstances. As mentioned earlier, present business practices which tend to be generally conservative, favouring small-size, single-product and single-market operations, do not qualify Arab organizations and managers to compete internationally. For managers successfully to change from a mainly

© Emerald Backfiles 2007

provincial strategy to the desired international strategy, they need to acquire new attitudes, knowledge and skills. In addition to the basic skills of negotiation and bargaining, they must become familiar with the economic, legal and human-relations aspects of international business. Obviously, MD can play a significant role in realizing this change.

Upgrading Competence

Arab managers' competences must be upgraded to manage effectively more diverse and highly specialized activities in the public and private sectors. They must also be convinced that they need to pay greater attention to profitability, cost control and quality and to be more receptive to innovations and modern systems and methods.

Designing MD Programmes

Table I presents an analysis of the current utilization of MD methods in Arab countries and developments that are likely to take place in the 1990s. It is worth noting that there is a 10- to 20-year lag in the transfer of management knowledge from Western to Arab countries, and it is probably longer in the case of its application. To illustrate, management textbooks published in Arabic in the 1970s and early 1980s rarely included a reference to the then current paradigm in management and organization theory, i.e. contingency theory; and the use of computers in public and private enterprises is still limited and peripheral[11,12]. It is expected that training will remain as the principle MD method used by Arab countries in the 1990s.

While the key assumptions underlying MD do not clash with Arab culture, cultural differences must be taken into consideration in the design and implementation of MD programmes. The use of advanced training and development methods such as sensitivity training, management grid, team building and MBO has been reported. Opinions on the suitability of these techniques for Arab management and organizations differ.

A former Saudi training manager at Aramco, the country's major oil corporation reported to the author that sensitivity training has been regularly and successfully used in their in-company programmes for Saudi nationals. However, an Iraqui training specialist expressed the opinion that if sensitivity training is ever attempted in his country it would certainly result in conflict and aggression because people are not open to criticism and negative emotions.

Juraysat[13] criticizes training curricula designed by Arab institutes because these are more suited to the needs of managers in Western developed countries than to local needs and conditions. He maintains that Western management concepts and principles are often included in these curricula without first testing for their applicability to the local situation and culture. For example, training programmes for Arab middle and supervisory managers sometimes include several sessions on planning and decision-making techniques, despite the fact that in the generally over-centralized Arab organizations these two functions are usually performed by top management.

© Emerald Backfiles 2007

Technique	Current situation	Future prospects
Off-the-job training	Utilization is widespread. Effectiveness is low due to inadequate needs assessment and facilities, and shortage of qualified trainers	Demand is expected to rise. Expansion of capacities and improvement of methods and facilities are needed
In-company training	Utilization is limited. Only large public organizations have the necessary organizational units, facilities, and personnel for its successful application	Widespread utilization is not expected, at least in the public sector in which training is centralized to avoid duplication of efforts and to save money
Job rotation	This technique is well known to local MD specialists but rigid bureaucratic rules impede its widespread application in the public sector	Forecasted changes in management attitudes and values may pave the way for its utilization
Mentoring coaching	This technique is infrequently employed by Arab managers who generally prefer like-minded protégés, and view with suspicion talented subordinates who may aspire to replace them	Appreciable changes in the current situation are unlikely
Career planning	Subjective criteria, such as political affiliation, family and kinship ties and loyalty, determine the careers of some middle-level and all upper-level managers in Arab countries	Gradual shift to professional management may encourage its utilization
Self-development	Utilization is hindered by the paucity of Arabic-language management literature directed to Arab managers (guidebooks, action-learning packages, journals) and the lack of evening classes, correspondence courses and professional associations	Some improvements are expected

Table I.
Current and Future Utilization of MD Techniques in Arab Countries

MD designers must also remember that certain topics such as politics, religious and sectarian beliefs and work ethics are, and will remain, sensitive issues, and trainers from these countries are reluctant to freely express their opinion on these issues and discuss their impact on their jobs and organizations. To illustrate, the manager of a private training agency notices that, whenever public policies were discussed, trainees from the totalitarian-ruled Iraq almost always praised these policies and their makers but were more candid in private conversation. For the same reason, organizers of a seminar on unethical practices in the Saudi Arabian public service decided that it would be best to hold it in secrecy.

© Emerald Backfiles 2007

Training Techniques and Aids

Results of a survey by Halaby[14] of 15 major Arab public training institutes show that all of them used lectures, case studies and discussion groups; five of them used role playing and games as well, and only one was using simulation in its training. More recently, Juraysat[13] confirmed that lectures and discussion sessions are the most frequently used techniques in Arab management education and training, while case studies, simulation games and role playing are infrequently used. During ten years as a trainer and co-ordinator of training programmes, I have found that Arab managers generally prefer training techniques which allow them some degree of participation. They expect trainers to facilitate interactions among them and to actively lead and participate in the social activities organized by them.

Training materials used in MD programmes offered by local institutes are mostly translated from foreign sources which are not written with Arab managers in mind. Trainers are often heard complaining about textbooks, exercises and cases having little relevance to their situation. The dearth of training cases has led the Arab Administrative Development Organization to offer substantial cash awards for training cases.

Most films used in training are imported and only one institute, the Saudi Arabian Institute of Public Administration, has the staff and equipment necessary to produce such films. Programme designers are advised to carefully screen films before using them in training Arab managers. Scenes which exhibit females in swimwear or scanty clothes, or persons drinking alcoholic beverages, may seriously antagonize some participants to the extent of discouraging them from active participation in training. After a number of trainees complained about the content of some Western-produced training films, the liberal-minded management of the Institute of Public Administration decided to censor these films and to lay down detailed preview procedures for buying new films.

Arab trainees are also impressed by the physical facilities used in training. Modern audio and video equipment, as well as well-furnished classrooms and offices, are associated in their minds with high-quality service. This is illustrated by the case of the trainees who justified their withdrawal from a programme by indicating that it was held in the small offices of the London-based training agency.

Overcoming Resistance to MD

Some managers may resist participation for a variety of reasons. Managers who learned their skills from long experience on the job may still believe that this is the best way for preparing future managers. Others may have doubts about the effectiveness of MD institutes; they believe that these institutes may succeed in teaching managers how to apply management principles and know-how regarding supervision, organizational structure, planning and control but they cannot turn incompetent managers into leaders. Some of these doubtful managers may attend training programmes not for the sake of improving their skills but to earn a cash bonus or qualify for a promotion. Those who do not believe in the effectiveness of training usually express their attitude in apathy or unsupportive behaviour in the classroom.

© Emerald Backfiles 2007

Winning the support and participation of organizational leaders is a necessary condition for overcoming such resistance. To illustrate, a training programme for the managers of local agencies in a Saudi Arabian district was hailed as a major success and was later repeated in other districts. According to MD specialists responsible for designing and implementing the programme, the reason for its success lay not in the course material, which was not significantly different from regular programmes, but in the enthusiastic support of the district governor and the opportunity it provided to the participants to address common concerns and problems. As the following case shows, lack of top management support may be the cause of MD failure.

A training programme in team development for the benefit of senior managers in a professional firm was judged unsatisfactory by some participants. These unsatisfied managers were disappointed by the unexplained absence of the CEO, i.e. the team leader, from the programme.

Conclusions

The prospects for increased demand for MD in Arab countries appear to be good. Accordingly, local and foreign MD firms and specialists are advised to work out short- and long-term strategies to benefit from these profit opportunities. In addition to expanding their training capacities to meet the expected increase in demand, local MD firms need to improve the quality of their services by conducting rigorous needs assessment, reviewing training curricula, developing material suitable to the local situation, and adopting more effective training techniques. Finally, foreign MD firms interested in working in Arab countries must base their programmes on an in-depth understanding of cultural conditions, because MD programmes which do not take these conditions into consideration are not likely to succeed.

References

1. Springborg, P., "Infitah, Agrarian Tranformation, and Elite Consolidation in Contemporary Iraq", *The Middle East Journal*, Vol. 40, 1986, pp. 33-52.
2. Harbison, F. and Myers, C., *Management in the Industrial World*, McGraw-Hill, New York, 1959.
3. Al-Faleh, M., "Cultural Influences on Arab Management Development", *Journal of Management Development*, Vol. 6 No. 3, 1987, pp. 19-33.
4. Badaway, M.K., "Styles of Mideastern Managers", *California Management Review*, Vol. 22 No. 2, pp. 51-8.
5. Ali, A.J. and al-Shakhis, M., "Managerial Value System for Working in Saudi Arabia: An Empirical Investigation", *Group and Organization Studies*, Vol. 10, 1985, pp. 135-51.
6. Ali, A.J., "Decision Style and Work Satisfaction of Arab Gulf Executives: A Cross-national Study", *International Studies of Management & Organization*, Vol. 19 No. 2, 1989, pp. 22-37.
7. Anastos, D., Bedos, A. and Seamon, B., "The Development of Modern Management Practices in Saudi Arabia", *Columbia Journal of World Business*, Vol. 15 No. 2, 1980, pp. 81-92.
8. Al-Jafary, A. and Hollingsworth, A., "An Exploratory Study of Managerial Practices in the Arabian Gulf Region", *Journal of International Business Studies*, 1983, pp. 143-52.

© Emerald Backfiles 2007

9. Al-Twaijiri, M.I., "A Cross-cultural Comparison of American-Saudi Managerial Values in US-Related Firms in Saudi Arabia: An Empirical Investigation", *International Studies of Management and Organization*, Vol. 19 No. 2, 1989, pp. 58-73.
10. Muna, F., *The Arab Executive*, Macmillan, London, 1980.
11. Atiyyah, H.S., "Computer Impacts on Saudi Arabian Bureaucracy", *Organization Studies*, Vol. 9 No. 4, 1988, pp. 511-28.
12. Atiyyah, H.S., "Determinants of Computer System Effectiveness in Saudi Arabian Public Organizations", *International Studies of Management and Organization*, Vol. 19 No. 2, 1989, pp. 85-103.
13. Juraysat, J., "Lecturers and Trainers of Management in Arab Universities and Institutes", *Arab Journal of Administration*, Vol. 6 1982, pp. 10-22 (in Arabic).
14. Halaby, H., *Institutes of Public Administration in Arab Countries*, Arab Development Institute, Beirut, 1976, (in Arabic).

© Emerald Backfiles 2007